



**Boroughbridge High School and King James's School Federation**

## **POLICY STATEMENT**

# **Budget Management Policy Statement**

Policy last reviewed (date)	January 2022
Ratified by Governors (date)	January 2022
Next policy review due (date)	January 2023
Staff Lead	Director of Business Services

### **MISSION STATEMENT:**

The budget will support the school by being reflective of the Governors' direction and School's development plan. It will be used in an efficient and effective manner by applying the principles of best value.

### **Significant revisions since the last review:**

1. Revision to delegated responsibilities Annex B
2. Removal of local authority insurance to government backed RPA scheme.

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## 1 AIMS

The primary function of the policy is to review the effectiveness of the internal control systems established to ensure that the aims, objectives and key performance targets of the school are achieved in the most economic, effective and environmentally preferable manner.

It is the aim of the Governing Body to ensure that all financial resources made available to the school are used in an efficient and effective manner in order to ensure that Value for Money is achieved. The aim of this policy is to create a framework within which individual members of the school staff and the Governing Body can achieve this.

This policy conforms to the requirements of the LMS Scheme for the Financing of Schools (hereafter referred to as the LMS Scheme) as set out by the Department for Education (DfE) and the North Yorkshire County Council LMS Financial and Contract Procedure Rules (hereafter referred to as the LMS Procedure Rules). The framework within this policy should be operated in conjunction with both the LMS Scheme and the LMS Procedure Rules. It is based on the County Council's recommended model along with good accounting practice.

There should be annual and multi-year budgets. An annual budget is an absolute requirement as part of the funding agreement arrangements. Ideally the annual budgets will be prepared in the context of a longer term financial plan covering at least 3 years that should take account of issues in the School Development Plan, forecast pupil numbers, staffing profile and longer term improvement and development aspirations. In this way the longer term financial plan or budget can help to demonstrate the sustainability of the School Development Plan.

## 2 ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY

### ROLES AND RESPONSIBILITIES

#### 1. The Governing Body

The Governing Body has a statutory responsibility to oversee the financial management of the school and to ensure adherence to the LMS Procedure Rules.

The Governing Body recognises the importance of clearly defining the roles and responsibilities of its committees, the Headteacher and other staff.

#### 2. Executive Finance Group

Consisting of members of the Governing Body and the Senior Team, the *Executive Finance Group* will work to the agreed Terms of Reference.

The Executive Finance Group will meet at least once a term to consider, as a minimum, the following:

- a) monthly management accounts;
- b) the financial forecast and deficit reduction plan where required;
- c) the school's budget and long term financial forecast;
- d) financial benchmarking;
- e) the end of financial year outturn statement;

- f) the annual completion and submission of the Schools Financial Value Standard (SFVS).

The Executive Finance Group will submit a brief summary report to the full Governing Body at least once per term.

### 3. The Headteacher

The Headteacher is responsible for:

- a) the day to day management of the school budget under the Scheme of Delegation as set out at Annex B and approved by the Governing Body; and
- b) ensuring the effective operation of the finance function within the school, to include:
  - i. the roles of each member of staff being clearly defined and the duties of staff with responsibility for financial transactions being, as far as is practicable, distributed to ensure that key tasks such as the processing of orders and invoices, are assigned to separate members of staff (segregation of duties) and that appropriate systems of internal check exist;
  - ii. the adherence to the LMS Procedure Rules;

### 4. The Director of Business Services

The Director of Business Services is responsible across the Federation for:

- a) the detailed preparation of an annual school budget which addresses the strategic aims and targets established by the Governing Body (with support from Headteacher);
- b) the preparation of monthly management accounts;
- c) the preparation of quarterly forecasts;
- d) the detailed preparation of the school's annual budget, longer term spending plans;
- e) the adherence to the LMS Procedure Rules;
- f) the establishment of systems to ensure that financial control is maintained at all times including procedures in the absence of key staff;
- g) the maintenance of appropriate documentation and transactional records;
- h) the maintenance of computerised records of income and expenditure in line with the DfE recommendations for Consistent Financial Reporting;
- i) the checking and reconciliation of the school's financial records to monthly tabulations provided by the Local Authority and to monthly bank statements.

## 3 PROCEDURES

All documentation of accounts and finances will be kept in accordance with advice from the Local Authority.

Procedures for keeping accounts will be in accordance with the LMS Procedure Rules. Authorisation may be requested to deviate processes from the Governing Body.

A copy of the school's most recent auditor's report will be available for inspection by Governors, OFSTED Inspectors and Officers of the Local Authority.

## 4 PECUNIARY AND OTHER BUSINESS AND INTERESTS

Governors and staff of the school will be required to complete a Register of Business Interests and declare any links they or any member of their immediate family have with any firm from which the school may wish to buy goods or services. The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the school.

The Register will be:

- a) annually reviewed;
- b) maintained for any in-year changes as notified; and
- c) made available for inspection by Governors, staff, parents and the Local Authority.

## 5 BUDGET

### 1. Aims and Objectives

The Executive Finance Group together with the Headteacher and Director of Business Services will consider and provide costing information both for maintaining the required level of educational provision as well as proposals to develop the short, medium and long term aims and objectives as identified in the School Development Plan.

Such consideration will include the determination of an appropriate level of general contingency and the formulation of a policy for the application of any balances in excess of the agreed target for general contingencies on the development proposals within the School Development Plan.

It is recognised that finite resources will lead to a need to prioritise proposals and to accelerate/delay spending plans as circumstances change.

The Governing Body will not submit a deficit budget unless there are exceptional circumstances and advice and written agreement have been received from representatives of the Local Authority bearing in mind that deficits require the prior approval of the Corporate Director – Strategic Resources and the Corporate Director – Children and Young People's Service.

Budget monitoring reports will be considered by the Executive Finance Group at least once a term with a brief report to the Full Governing Body. Reports will reflect both sums paid and committed but not yet paid and estimated expenditure and income for the remainder of the financial year against approved budget headings and will be reconciled to the Local Authority's ORACLE statements and school bank statements.

### 2. Budget Timetable

The Director of Business Services will prepare financial information for consideration by the Executive Finance Group and submit it to the Local Authority, where applicable, in line with the following timetable:

- Draft budget preparation and agree priorities with the Finance Group – January;
- Budget completion – March;
- Budget reported to Finance Group – March;

- Budget reported to Governing Body and LA – April;
- Draft outturn position reported April pending final adjustments in May;
- In year financial forecasts June, October, December, and February;
- 3 year analysis reported April and November.

### **3. Efficiency & Value for Money**

The School will seek to achieve efficiencies and value for money to optimise the use of its financial resources and to invest in teaching and learning. It is the responsibility of the Headteacher and Governing Body to determine at school level how to secure better value for money, a task delegated to the Director of Business Services.

### **4. Financial Benchmarking**

The Director of Business Services will prepare for consideration by the Executive Finance Group financial benchmarking comparisons on an annual basis each Autumn Term and determine feedback based on its usefulness.

### **5. Review of Contracts for Services**

The Director of Business Services will review the quality, cost and impacts of services purchased from external providers (including the Local Authority) on a regular basis **and** before contracts are renewed.

### **6. Standards of Financial Management**

The Governing Body will have regard to any Standards of Financial Management endorsed by the DfE to self-evaluate the quality of financial management processes and to aid in training staff to become better financial managers.

### **7. Level of Balances**

The Executive Finance Group will annually review the balances situation of the school and make recommendations to the Governing Body. In making its recommendations, the Executive Finance Group will indicate an optimum level of balances which has regard to the specific issues facing the school whilst acknowledging that financial resources are allocated to schools annually on the number of pupils in the school at that time.

The Executive Finance Group will have regard to any balance limits placed on schools by the Local Authority and DfE.

### **8. Virement Procedures**

Unless the level of change does not warrant it the budget will be revised each Autumn Term and the Director of Business Services will be able to vire funds between budget headings for the Executive Finance Group's consideration.

### **9. Quality of Information**

Governors expect that the financial information they receive will be relevant, timely, reliable and understandable.

### **10. Extended Activities**

The Governing Body will discuss, decide and minute their intention to use school budget funding to support the provision of extended school activities.

### **11. Capital Expenditure**

The Executive Finance Group will give consideration to the use of the devolved capital allocations available to the school in the light of the priorities identified in the School Development Plan and then make recommendations to the Governing Body.

The school will submit a Project Proposal Form in order to seek the Local Authority's consent for any proposed building work, irrespective of the funding source, as per the LMS Procedure Rules.

## **12. Documentation and Retention of Records**

All financial systems and procedures carried out will be in accordance with the Local Authority's LMS Procedure Rules, Scheme of Delegation to the Headteacher and the School Finance Manual. A copy of these documents will be readily available and kept up to date.

All records will be retained in line with the Local Authority's Records Retention and Destruction Schedule for Schools.

## **13. Purchasing**

Before any purchase is made, consideration will be given to any potential economies of scale to be had through use of Local Authority negotiated corporate contracts.

Information available from the North Yorkshire Procurement Service for Schools will be given due consideration.

Consideration will be given to obtaining quotations for all purchases in order to ensure that Value for Money is achieved and where a single purchase of more than £5,000 is involved, quotations will be sought from at least 3 suppliers.

For purchases in excess of £100,000 tenders will be obtained as laid down in the LMS Procedure Rules.

The Governing Body requires that staff will follow official electronic ordering procedures at all times. Verbal orders, made in emergency only, must be followed up by a written confirmatory order. Individuals must not use official orders to obtain goods and services for their private use. All official orders will be recorded on the school's computerised financial system. Orders cannot be made on-line without an official order.

When making purchases, staff **must** adhere to the LMS Procedure Rules.

## **14. Purchasing Cards**

The Governing Body will follow the Local Authority policy and procedures for the use of purchasing cards. Cards must only be used to procure goods and services on behalf of the school. They must not be used to obtain cash or for personal transactions.

## **15. Procedures and Security**

The school will make use of a computerised financial monitoring package approved by the Local Authority.

Data will be input on a regular basis including financial commitments made by the school. Information will be input from and reconciled to the Local Authority's financial statements and school bank statements every month.

Appropriate use of the package and orderly filing procedures will ensure that all transactions are traceable.

Security passwords will be maintained on the computer and documentation will be kept in a secure location.

Regular backups will be made of the information held on the computer with the backups stored securely and separately from the computer.

## **16. Security of Stocks and Equipment**

An inventory of stocks and equipment held in the school will be maintained and checked on an annual basis in accordance with the LMS Procedure Rules and the Local Authority's guidance.

The Governing Body will ensure appropriate and adequate insurance arrangements are in place to protect the school's assets and a copy of the policy document will be available for inspection.

A register will also be maintained of equipment removed from school for use off-site and when it was returned.

The Governing Body will authorise all write-offs and disposal of surplus stocks and equipment in accordance with LMS Procedure Rules.

When it is considered appropriate, the Governing Body will request and act upon the advice of a Crime Prevention Officer.

## **17. Petty Cash**

The amount of cash in the school will be kept to a minimum and all monies and associated financial records kept in secure storage. Only staff authorised to do so will have access to petty cash.

There will be a limited use of petty cash. Gifts for employees, including the purchase of flowers, will be met from staff donations and not petty cash.

## **18. Income**

The Governing Body will implement a charging and remissions policy for school activities which will be made publically available on the school website. Steps will be taken to ensure the early collection of income due and receipts issued and records will be kept in line with the LMS Procedure Rules.

The school will operate an online income collection system which has been approved for school use by the Local Authority and in line with the LMS Procedure Rules.

The writing off of debts will be undertaken in line with the LMS Procedure Rules; that is:

- a) For debts up to £250 in value, the school will seek the approval of the Governing Body; and
- b) For debts over £250, the approval of the Local Authority must be sought (further to the endorsement of the Governing Body to do so).

## **19. VAT Returns**

VAT returns will be made promptly and accurately using the computerised system in line with the Local Authority's deadlines.

## **20. Staffing**

The Pay Committee will be responsible for the Pay Policy annually within the provision of the Executive Finance Group and will consider appointments, terminations, promotions and performance management as necessary.

## **21. Insurance**

The Executive Finance Group will make recommendations annually to the Governing Body as to the insurance requirements of the school. The recommendations will have regard to the



minimum cover requirements of the RPA and to the costs of insurance services offered by the Local Authority and other providers.

The school will consider the additional “voluntary” insurance arrangements offered by the Local Authority (i.e. staff absence insurance, contents insurance).

The Executive Finance Group will have due regard to the terms of the insurance documents and these will be considered on an annual basis.

The Governing Body will notify the Insurance and Risk Management Section of any eventuality that could affect the RPA insurance arrangements.

## **22. Computer Systems**

The school will maintain approved software for the administration of financial records.

The school has been registered in accordance with the General Data Protection Regulation (2018). All data handling procedures undertaken by the school are in accordance with the Local Authority’s recommended practices for data security and information governance.

## **23. Counter Fraud Arrangements**

The school will maintain a robust system of controls to safeguard itself against fraudulent or improper use of public money and assets. The Governing Body will ensure that it has adopted a whistle-blowing policy and, along with the Headteacher, must inform all staff of all school policies and procedures related to fraud and theft, the controls in place to prevent them and the consequences of breaching these controls. This information must also be included in the induction of new school staff and Governors.

## **24. Audit**

The systems for finance and administration will be subject to review from time to time by the Local Authority’s Internal Audit Service provider and the County Council’s external auditors. The Governors, Headteacher and staff will co-operate with auditors in accordance with the requirements of the LMS Procedure Rules and will consider and implement their requirements in a timely manner.

## **ANNEX A**

### **EXECUTIVE FINANCE GROUP**

#### **TERMS OF REFERENCE**

##### **Executive Finance Group terms of reference**

The Executive Finance Group is a standing working group that will meet at least once a term to monitor monthly expenditure and the school budget. Governors will be appointed to the Executive Finance Group in October each year.

**Membership:** Chair of Governors, Headteachers, Director of Business Services, plus at least two Governors with financial skills and knowledge

**Quorum:** At least three Governors must be present

##### **The Executive Finance Group will:**

1. Work with the Headteacher and Director of Business Services to monitor income and expenditure and review the school's financial position against the agreed plan;
2. Monitor the financial impact of any changes to the curriculum;
3. Help to formulate proposals for the use of devolved formula capital;
4. Review the financial scheme of delegation annually;
5. Monitor deficit reduction strategy;
6. Monitor financial benchmarking annually;
7. Review the school's policy on its level of balances;
8. Review the Schools Financial Value Standard annually;
9. Consider the report of the local authority's auditors and the implementation of its recommendations;
10. Prepare and review financial policy statements and information about the school budget for publication in the annual governance statement;
11. Provide representation for the governing body on the School Fund and Foundation Governor groups;
12. Report back to the governing body at least once a term.

## ANNEX B

### SCHEME OF DELEGATION TO THE HEADTEACHER

The Headteacher and Director of Business Services shall have delegated power to undertake all functions delegated to the Governing Body relating to the LMS Scheme except that:

1. They shall comply with all policy directions given to them from time to time by the Governing body;
2. They shall have the authority to expend all monies allocated to individual or specific items in the approved budgets without further reference to the Governing Body;  
Where no such specific item exists in the budget they shall not enter any significant financial commitment without the consent of the Governing Body or, in the case of an urgent matter, the Chair thereof;
3. The above delegation shall not apply in respect of the appointment of staff. It shall be for the Governing Body to determine, from time to time, the extent of the power of the Headteacher to deal with staffing matters;
4. The Director of Business Services shall not vire from one budget head to another any sum exceeding 0.5%\* of the delegated budget or £5,000\* whichever is the lesser, without the consent of the Governing Body or, in the case of an urgent matter, the Chair thereof;
5. The Headteacher shall maximise school funds by the careful use of agreed investment opportunities; they shall not transfer funds between current and investment accounts established under the BAFS policy unless a policy to do so has been agreed by the Governing Body (terms should be stated);
6. The Director of Business Services shall submit to the Governing Body at least once each term, and on such further occasions as the Governing Body may specify, reports on all expenditure incurred and commitments entered into, together with details of any income generated, since the last such report to the Governing Body; this report to include a comparison of these latest figures with the budget for the year;
7. Any proposal to incur expenditure on new or significantly different policies is to be the subject of a report to the Governing Body; the report to include details of cost in both the current and future years;
8. The Headteacher shall have the power to nominate the Director of Business Services or another named (senior) member of staff to exercise the powers of this delegation during any periods of absence; and
9. The Headteacher and any other person nominated under Regulation (8) above shall ensure that, at all times, the LMS Procedure Rules relating to schools with delegated budgets are complied with.